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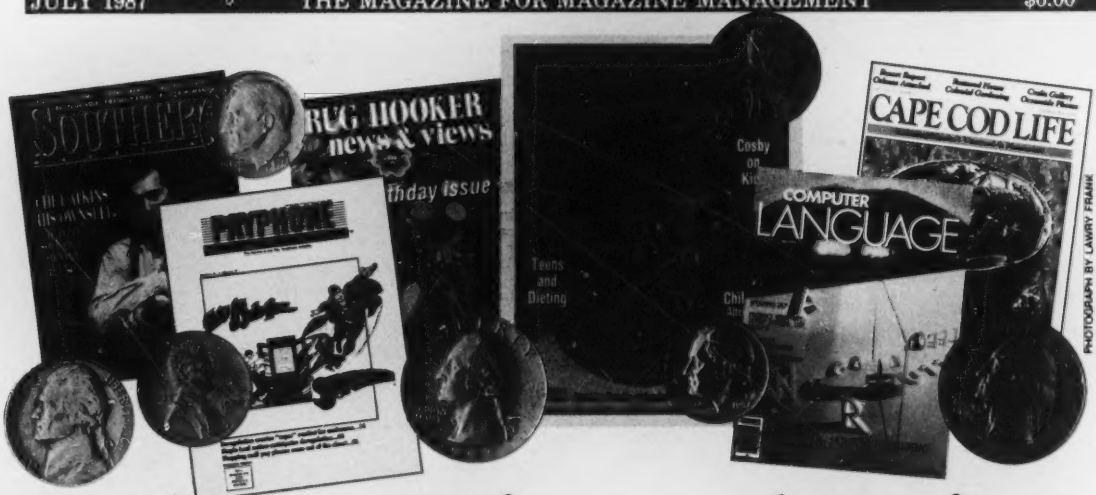


PHOTOGRAPH BY LAWRY FRANK

Starting a magazine on a shoestring

It takes a dream, ambition and perseverance to start a magazine, but 12 entrepreneurs found it doesn't always take lots of money. **88**

The New Yorker's Andy Logan

Women reporters were a rare breed at *The New Yorker* when Logan came aboard, but she has survived for 45 years. **47**

WENDY BARROWS

Seven successful renewal strategies

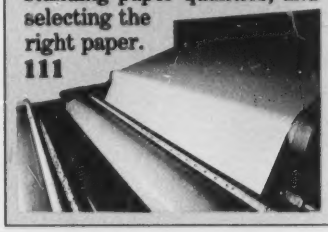
David Leckey, a circulation director for CBS Magazines, shares renewal strategies that work for him, and may work for you. **126**

Business titles yield to rate-card pressure

Under intensifying heat to offer off-the-rate-card deals, business publishers are giving in to advertiser demands. But when price becomes king, warns one executive, editorial quality suffers. **15**

What paper should you use?

To get what's best for your magazine, you must consider more than grade and weight. Consultant Alex Brown guides you through the process of defining your needs, understanding paper qualities, and selecting the right paper. **111**



July 1987

ARF/ABP ad study complete 15

The evidence is in: Heavier business-to-business ad schedules increase sales, leads and, most important, profit for marketers, according to final results of ARF/ABP study.

As business advertising rises, so does marketer's profit

Advertising level	Indexed cumulative profit 16 mos. after campaign began
None (base)	100
Light	350
Medium	357
Heavy	631

Where to get start-up money 102

To begin the fund-raising process with your eyes wide open, explore these six sources of capital and learn what each will expect of you.

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Shifts in the marketplace make it necessary to re-evaluate circulation plans. E. Daniel Capell, editor of *Capell's Circulation Report*, looks at what's happened and what's ahead.

Avoid these editorial traps 137

Are you letting the quality of your editorial slip? Before you get too smug about the editorial in your magazine, see if you are guilty of any of the five editorial failings listed here.

Fulfillment: A buyer's market 22

Publishers are demanding more for their fulfillment dollar as competition, coupled with technology improvements, causes prices to stabilize and even drop.

Rolling Stone looks back 61

As *Rolling Stone* turns 20, it traces the tumultuous times of its youth—and celebrates in a style befitting the slick pop culture magazine it has become.

Business advertising works 164

HBJ's Robert Edgell hails the ARF/ABP study on business advertising: Finally, proof for the naysayers.

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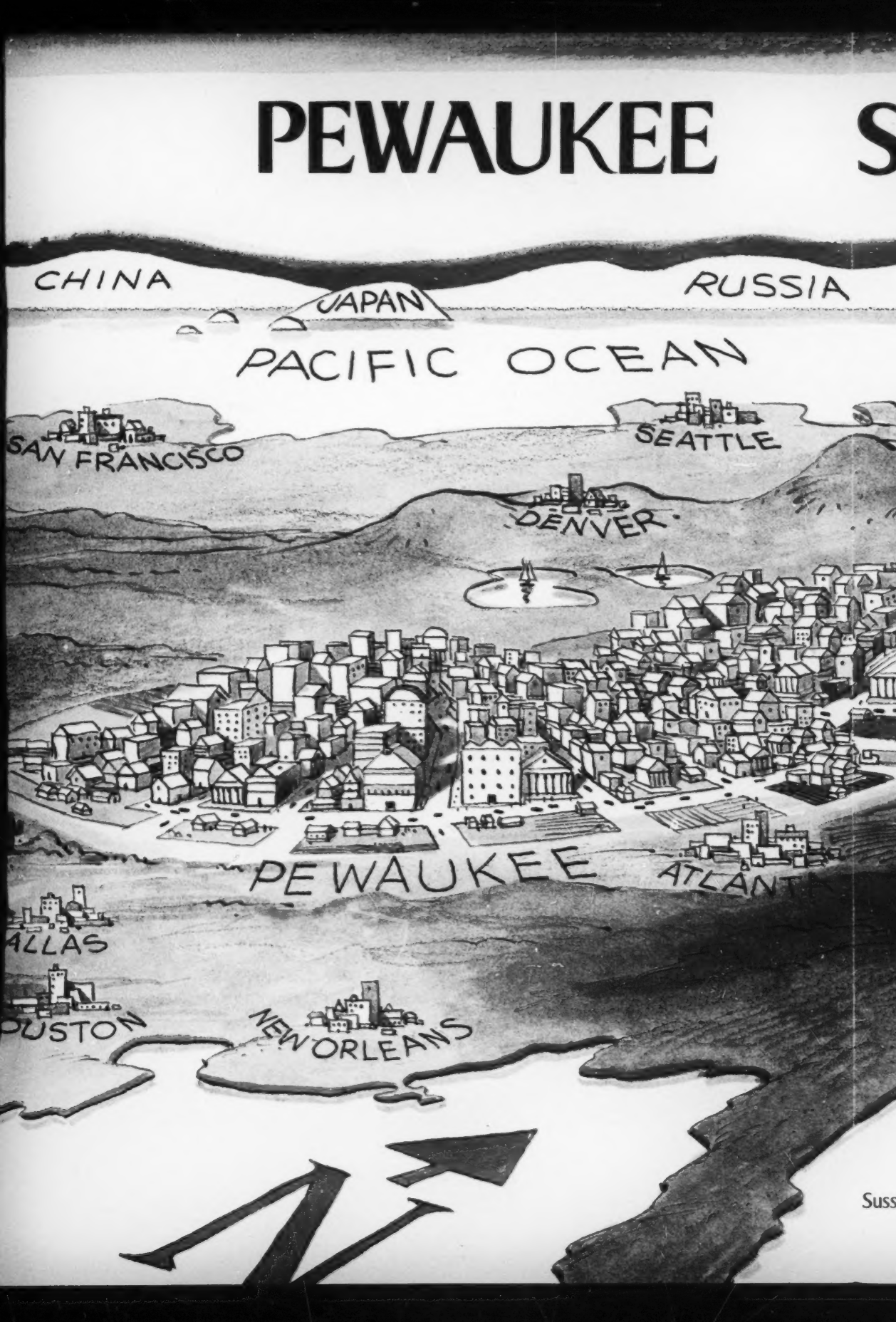
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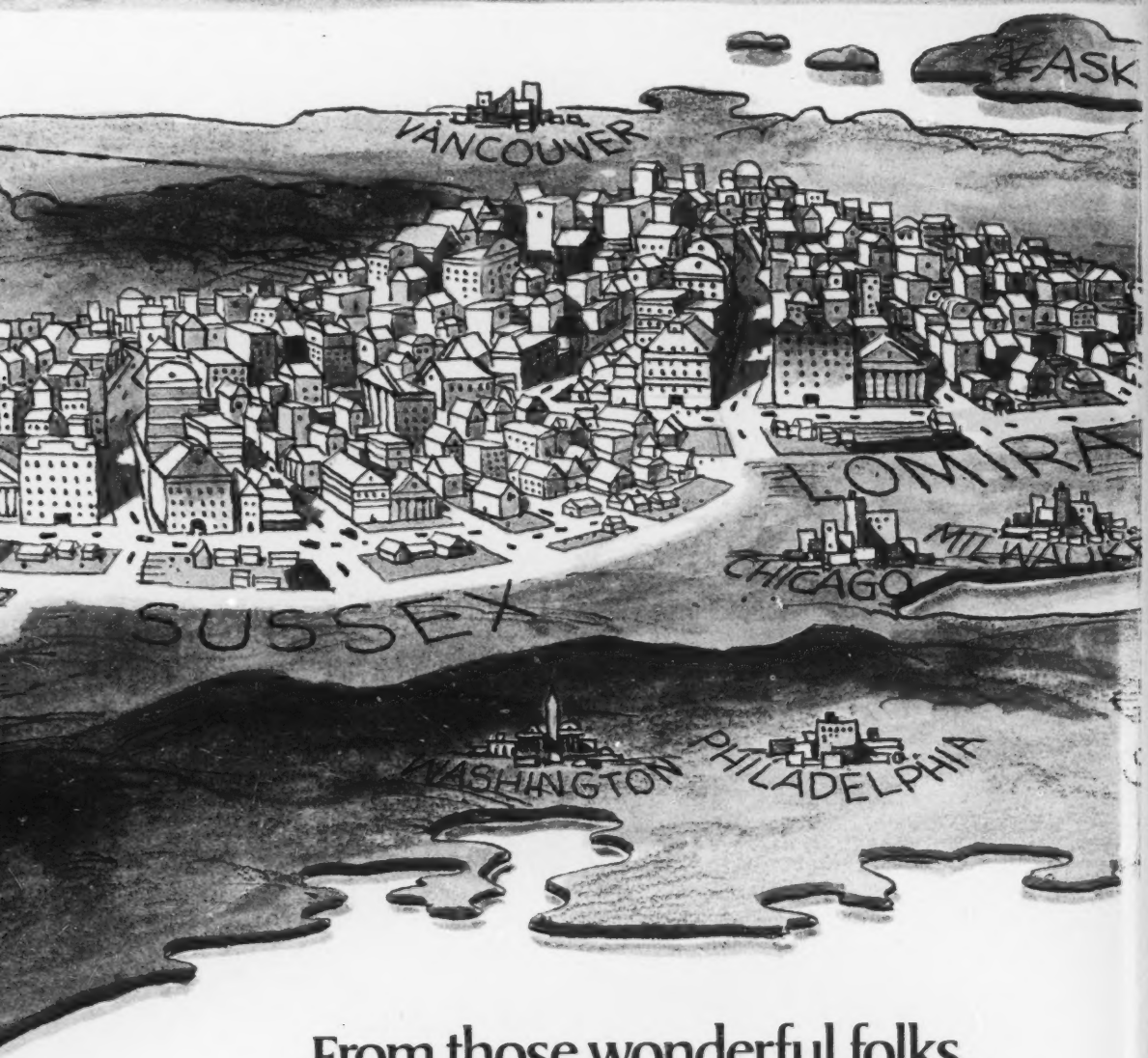


From those wonderful folks who brought you Pewaukee...

x, Saratoga, and now Lomira. The world leader in web offset, soon to be the leader in gravure.

will cease to do business with them, he asserts.

Mecca's Circulation Builders was one of several defendants in a lawsuit several years ago, in which some sales crew members tried to hold magazine publishing companies and cash field agents accountable for alleged mistreatment. The publishing defendants included The Hearst Corporation, The New York Times Co. and Petersen Publishing Co.

A Federal judge in New York dismissed the suit.

Publishers are concerned about abuse, but can do little to monitor what happens in the field, say some circulation directors contacted by FOLIO:.

"We can have only so much control," says Marc Jacob, circulation director of *The Atlantic*. The magazine keeps track of disreputable field agents through information supplied by the Audit Bureau of Circulations, and by word of mouth.

Consultants are another good source of information on agents, says Michelle Jones, circulation director of *Working Woman* and *Success!* She adds that cash field subscription business actually amounts to a very small percentage of total circulation for magazines.

William Gorog, president of the Magazine Publishers Association (MPA), testified at the hearings and reported that cash field agents generate about 1 percent of all subscriptions.

To help consumers become aware of fraudulent selling practices, the MPA is sponsoring a consumer protection booklet, says Jones, a coauthor.□

Consumers get more from magazines

TV lags as source of product information; ads more 'insulting,' MPA study finds

Consumers reveal that magazines are the medium that best satisfy their needs for both information and entertainment, according to a recent study by the Magazine Publishers Association. As the preferred medium, magazines evoke more favorable and responsive reader attitudes toward the advertising they carry—significantly higher than television advertising.

The telephone survey, "A study of media involvement," was conducted by Audits & Surveys, Inc., from a random sample of 2,000 adult men and women in November 1986.

The study concludes that "magazines are so dominant in providing information that in every instance magazines contribute the most knowledge and usable ideas to more people on every measured subject . . . than does any other medium"—even among people who describe themselves as heavy television watchers but only light magazine readers.

As information source

Among 19 major fields of interest—including automobiles, entertaining, money matters and travel—the study found in each case that magazines make the largest contribution to knowledge and usable ideas. Further, the findings indicate greater dependence on magazines among young, educated, affluent, executive adults.

In terms of satisfying needs for both entertainment and information, men and women preferred magazines as the medium that best fits their lifestyles and personal needs. The margin of preference for magazines over television was especially pronounced among young professional women—55 percent chose magazines while 23 percent preferred television.

Most people also felt better disposed to magazines than television. The study found that consumers' favorable response to magazine advertising averages 20 percent higher than that for television. What's more, positive response to magazine advertising outweighed negative feelings by nearly three to one; negative attitudes toward television averaged nearly as high as the positive attitudes. Television commercials are more than twice as likely to be found insulting, silly or juvenile than magazine ads, and much more likely to be found unbelievable than are magazine ads.

Consumers overall prefer that magazines carry advertising, while less than 50 percent of the men and women surveyed said they prefer television to carry advertising. More than 80 percent said they thought there is too much advertising on television, while

Magazines contribute more to daily living

Question: "Which medium is most effective in contributing to overall knowledge or furnishes the most usable ideas about the following?"

	Men		Women	
	Magazines	TV	Magazines	TV
Automobiles (buying, operating and maintaining)	59%	11%	48%	18%
Food (planning, buying, preparing and serving)	49	13	60	9
Money matters (personal and family)	50	12	50	11
Sports (personal participation/improving skills)	52	23	47	21
Travel	46	19	43	21

Source: Magazine Publishers Association

***Magazines by far outpace television** as a source of knowledge and usable ideas in 19 subjects which consumers find important to daily life, according to an MPA study.*

just over 50 percent held that belief for magazines.

As a group, the study found, working women depend on magazines for information significantly more than do women who do not work outside the home, and they turn to magazines more often than to any other medium. Working women not only hold a more favorable attitude toward magazine advertising, but are more likely to read magazine ads and seek out products and services at retail outlets, or to order by mail or phone, than are women who do not work outside the home.

Consumer advertising in magazines was also shown to be more effective at stimulating readers to seek out those products and services. Forty-five percent of women said they shopped for a product or service after seeing it in a magazine ad, while only 36 percent of women reported shopping for specific products in response to television advertising. Respondents were also twice as likely to place orders by mail or phone after seeing magazine ads than television commercials.□

ABP elects officers, directors

Wesley Chapel, Fla.—The Association of Business Publishers (ABP) has elected William L. Gorman as chairman during its annual meeting. Gorman, president and CEO of Gorman Publishing Company, was previously vice chairman. He succeeds Robert L. Edgell, vice chairman of Harcourt Brace Jovanovich, Inc.

Other officers voted in to serve one-year terms include Charles W. Cleworth, president, RCR Publications Inc., first vice chairman; Ronald G. Segel, president, Cahners Publishing Company, second vice chairman; Robert G. Burton, president, ABC Publishing, secretary; and Domenic A. Mucchetti, group vice president, Hearst Business Publishing, treasurer.

Four new directors elected to three-year terms were John Evans, president, Murdoch Magazines; Donald McAllister Jr., president, Geyer-McAllister Publications, Inc.; Kenneth M. Nelson, president, Gordon Publications, Inc.; and William C. Vance, chairman, Vance Publishing.

Directors re-elected to three year terms are Dale R. Bauer, chairman,

Circle no. 41 for more information

Circle no. 64 for more information

Subscription marketing trends

Shifts in the market make it necessary to re-evaluate circulation plans; what worked yesterday may not work today

The growth of subscriptions has offset the loss in single-copy sales. While single-copy sales have declined 13.8 percent from 1977 to 1986, subscription circulation grew by 47.4 percent. This trend is expected to continue.

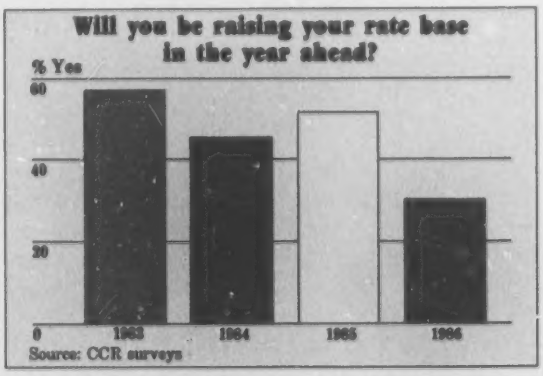
The way to deal with a competitive marketplace is to keep abreast of changes, and there are important changes taking place in the subscription circulation marketplace.

On the following pages, E. Daniel Capell, president of Compuname/Names in the News, Inc., shares his analyses of circulation trends with FOLIO: readers. The charts are based on information from the Audit Bureau of Circulations (ABC), Publishers Clearing House (PCH), and *Capell's Circulation Report* (*CCR*), an industry newsletter of which Capell is editor.

It is interesting to note that some very recent hot trends, such as the rise of the gimmick offer (premiums, sweepstakes and comp copies) documented here, may be beginning to slip in terms of use. Capell believes circulators would be wise to return to the hard offer—a move that would be healthier for the industry in the long run.

Television has not yet become the new subscription source that circulators had hoped, Capell points out, but he believes there is untapped potential in this medium.

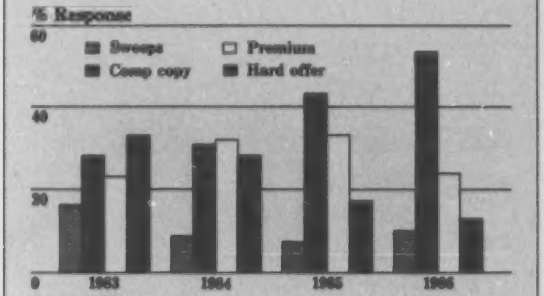
"We must find a way to make television work," he concludes. The deepening penetration of cable television and videocassette recorders in American households can be tapped as a new subscription source instead of viewed as competition for the consumer's time, he said.



The reduced number of circulation directors who planned to raise their rate bases last year shows a budding conservative trend. The expense of raising rate base has many circulators deciding, "We will not grow."

Circulation trends: Part 1

What is your direct mail control offer?



Source: CCR surveys

There has been a noteworthy move to comp copy subscription offers. Of the control offers mailed in 1986, 53 percent were comp copy offers, compared to 28 percent four years ago. Hard offers suffered the largest decline. Only 13 percent of the control offers mailed last year were hard offers, down from 33 percent four years ago. Comp copies, sweepstakes and premium offers now make up 87 percent of all direct mail solicitations, compared to 67 percent in 1983. If the sum of these types of offers was tracked 10 to 15 years ago, the hard offer would have accounted for 75 percent to 80 percent of the offers. There is an indication that gimmick offers are decreasing in number. A *CCR* survey conducted in early 1987 showed that gimmick offers made up 73 percent of subscription offers, the first decline in five years of *CCR* tracking.

Non-rate-base claimers

Arts & Antiques	M
Autoweek	Maclean's
Barron's	Modern Bride
Bride's	Motor Boating & Sailing
Byte	Muscle & Fitness
City and Country Home	Reader's Digest (Canada)
Crafts	16 Magazine
InfoWorld	TV Guide (Canada)

Source: ABC Audits 4/85-3/86

Not claiming a rate base does not seem to stand in the way of advertising success for these magazines. They are just a small group of the 40 percent or more Audit Bureau of Circulations members that don't claim a rate base, a percentage that is expected to grow.

Magazines with all or partial controlled circulation

Avenue
American Health
Chief Financial Officer
Insight
Institutional Investor
Walking
New York Woman

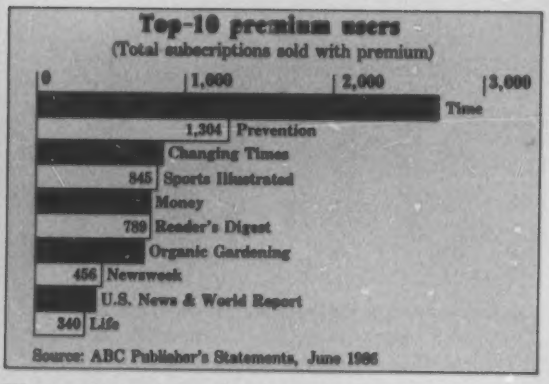
One way to gain readers is to give them the magazine for free. Some magazines are turning to a paid/nonpaid combination circulation. Above are some titles that are either partially or totally controlled. Three, *Insight*, *New York Woman* and *Walking*, are recent launches. More are expected to follow this trend.

Premium-sold subscription volume

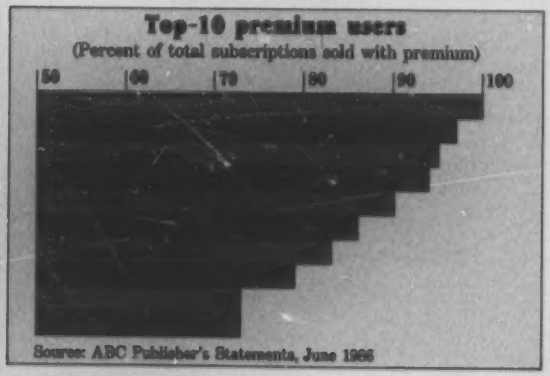
	% using premiums	Premium volume
January-June 1981	25%	6,887,000
January-June 1985	37%	14,257,000
January-June 1986	28%	15,519,000
% Increase 1981-1986	+125%	

Source: ABC Publisher's Statements

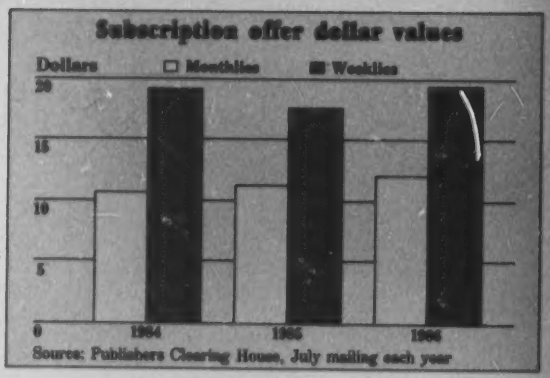
Circulation directors are asking, "How can we sell magazines at a higher price and get more volume from the same sources?" The answer has been the premium. During the first half of last year, the total number of premium-based subscriptions sold by Audit Bureau of Circulations' members was 15.519 million, up 125 percent compared to the first half of 1981.



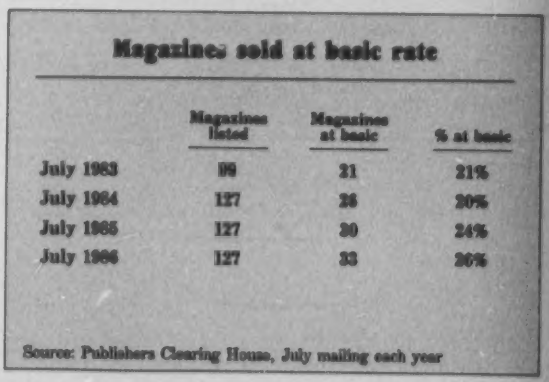
The total premium-related subscriptions sold by these 10 magazines account for 59.7 percent of all premium-based subscription sales.



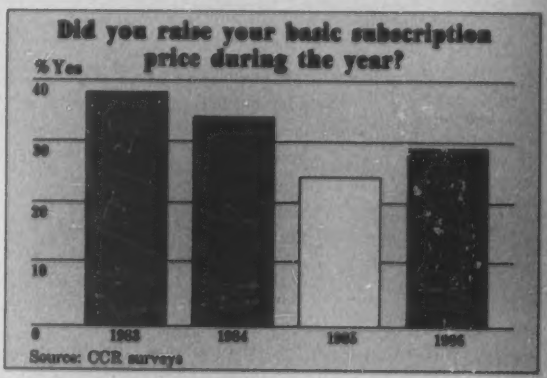
Another way of looking at premium use is to spotlight the magazines that base all or almost all of their subscription business on them. These tend to be smaller titles.



The average subscription price was up about 12 percent in 1986, compared to 1984, according to the prices offered by Publishers Clearing House. The average price for weeklies, however, is virtually flat.


Magazines sold at basic rate
Magazines listed
Magazines at basic
% at basic
July 1983 99 21 21%
July 1984 127 26 20%
July 1985 127 30 24%
July 1986 127 33 26%
Source: Publishers Clearing House, July mailing each year

The number of magazines that sell at basic rate has risen slightly over the last four years, according to the prices offered by Publishers Clearing House. Almost all of the 33 magazines that sold at basic rate in the July 1986 mailing use premiums.



The trend on subscription pricing has fluctuated during the past four years, but generally, there is a tendency not to increase prices.